



Posted June 17, 2017

Quota Increase

The P5 Boards have approved a 5% producer saleable quota increase, effective July 1, 2017.

Incentive Days Conventional and Organic

There is no change to incentive days.

Market Demand

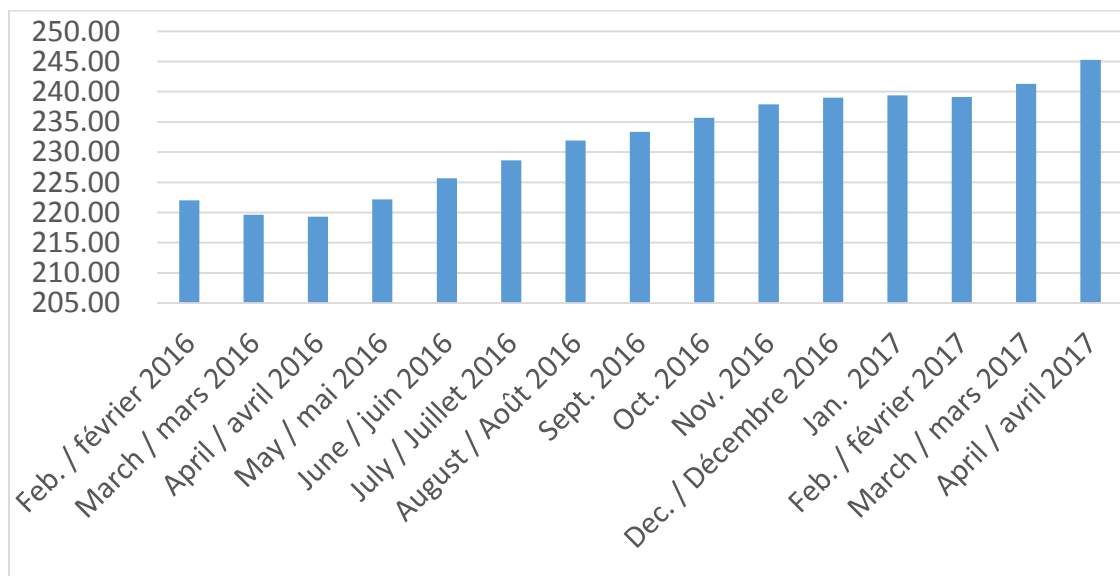
This decision is intended to ensure P5 milk production continues to fill all current demand, as butter stocks have not surpassed their updated target level of 35,000 tonnes. Demand for dairy products continues to be strong while P5 processing capacity has increased since the beginning of April, but continues to be closely monitored.

Dairy Product Market Situation

The Canadian demand of BF for industrial dairy products is very strong in general and at almost +12% for the last 12 months ending on April 2017:

12 Months / 12 mois	April/Avril 2016	April/Avril 2017	Difference / Différence
Industrial Milk Demand / Demande en lait de transformation	219.34 millions kg BF/MG	245.29 millions kg BF/MG	+ 11.8%

Evolution of the Total Canadian Industrial Milk Demand since February 2016 (M of Kg of BF)



For the 12 months ending May 27, dairy product retail sales show a significant increase over the previous 12 months for almost all categories of products except Fluid Milk.

Fluid Milk / Lait	- 1.5%
Cream / Crème	+4.6%
Yogurt / Yogourt	+2.0%
Cheese / Fromage	+5.3%
Butter / Beurre	+4.6%

The butter stocks are close to 31,000 tonnes but not yet at the target level which is now 35,000 MT.

If Butter stocks reached the new target level by July 2017, this will favor supplying further processors with Canadian butter during 2017-2018 DY. This market, equivalent to more than 10,000 MT per year, has been by supplied from supplemental imports for many months.